

FILED

APR 11 2002

IN THE UNITED STATES BANKRUPTCY COURT FOR THE
WESTERN DISTRICT OF OKLAHOMA

GRANT PRICE
CLERK, U.S. BANKRUPTCY COURT
WESTERN DISTRICT OF OKLAHOMA
BY: _____, DEPT

In re:

SURE-TEL, INC.

Tax ID. No. 73-1498280

Debtor.

Case No. 01-21372-WV
(Chapter 11)

ORDER CONFIRMING PLAN

The First Modified Plan of Reorganization, filed under chapter 11 of the Bankruptcy Code by Sure-Tel, Inc. ("Sure-Tel") on February 19, 2002 (the "Plan"), having been transmitted to creditors and equity security holders; and

It having been determined after hearing on notice that the requirements for confirmation set forth in 11 U.S.C. § 1129 have been satisfied;

IT IS ORDERED that:

The Plan is confirmed. A copy of the Plan is attached.

The effect of paragraph B.4.B. of Article III of the Plan shall be as follows:

The Allowed Class 4 Claims shall be paid and fully satisfied by the consensual modification of the SWBT/Ameritech Existing Agreements, as shall be evidenced by the execution and delivery of the SWBT/Ameritech Modified Agreements, and by the assumption thereof by Sure-Tel and agreed cure payments, as provided in Article VIII of the Plan. To the extent any portion of the Allowed Class 4 Claims is not required to be paid as part of the agreed cure payments as provided by such consensual modification, it shall be discharged and released as of the Effective Date. No other Distributions shall be made on account of the Allowed Class 4 Claim. As used herein, the term "SWBT/Ameritech Modified Agreements," shall mean and refer to the "Letter Agreement" identified and approved by the Court in the "Order Granting Joint Motion of Debtor and the SBC Affiliates to Compromise Controversy Pursuant to Fed. R. Bankr. P." also

OFFICIAL FILE

I.C.C. DOCKET NO. 02-0010

Exhibit No. 1

Witness

Date: 4/24/02 Reporter

entered this date.*

To give notice of the entry hereof, Sure-Tel shall mail copies of this Order, without copies of the Plan attached to parties in interest as required by Rule 3020(c), Fed. R. Bankr. P. Copies of the Plan may be obtained from the Office of the Clerk of the Court (in accordance with the procedures of such Office).

Dated in Oklahoma City, Oklahoma, this 11th day of April, 2002.



HONORABLE T. M. WEAVER
UNITED STATES BANKRUPTCY JUDGE

APPROVED:

SURE-TEL, INC.

By: 

G. Blaine Schwabe, III – OBA #8001
Sarah A. Hall – OBA #13692

Of the Firm:

MOCK, SCHWABE, WALDO, ELDER,
REEVES & BRYANT
A Professional Limited Liability Company
Fourteenth Floor
Two Leadership Square
211 N. Robinson
Oklahoma City, Oklahoma 73102
Telephone: (405) 235-1110
Telefacsimile: (405) 235-0333

ATTORNEYS FOR DEBTOR

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Initially capitalized terms used in this paragraph shall have the meanings attributed thereto in the Plan.

ORDER CONFIRMING PLAN – Page 2

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WESTERN DISTRICT OF OKLAHOMA

GRANT PRICE
CLERK U.S. BANKRUPTCY COURT
WESTERN DISTRICT OF OKLAHOMA
BY _____ DEPUTY

In re:

SURE-TEL, INC.,

Debtor.

Case No. 01-21372-WV

(Chapter 11)

FIRST MODIFIED PLAN OF REORGANIZATION

Sure-Tel, Inc., an Oklahoma corporation, debtor and debtor-in-possession in the above-captioned and numbered chapter 11 case, proposes the following Plan of Reorganization.

I.**Definitions, Rules of Interpretation,
Computation of Time and Governing Law**

A. **Definitions.** Unless the context otherwise requires, the following terms shall have the following meanings when used in capitalized form in the Plan:

1. **"Administrative Claim"** means a Claim for costs and expenses of administration under section 503(b) of the Bankruptcy Code, including: (a) the actual and necessary costs and expenses incurred after the Petition Date of preserving the Estate and operating the businesses of Sure-Tel (such as wages, salaries or commissions for services and payments for goods and other services and leased premises); (b) compensation for legal, financial advisory, accounting and other services and reimbursement of expenses awarded or allowed under sections 330(a) or 331 of the Bankruptcy Code; and (c) all fees and charges assessed against the Estate under 28 U.S.C. § 1930.

2. **"Allied"** means Allied Capital Corporation.

3. **"Allowed"** means, with respect to any Claim: (a) a Claim that has been scheduled by Sure-Tel in its Schedules as other than disputed, contingent or unliquidated and as

to which Sure-Tel or other party in interest have not Filed and Served a timely objection; (b) a Claim that has been allowed by a Final Order; (c) a Claim that is allowed in any stipulation with Sure-Tel executed on or after the Confirmation Date; (d) a Claim relating to a rejected executory contract or unexpired lease that either (i) is not a Disputed Claim or (ii) has been allowed by a Final Order, in either case only if a Proof of Claim has been Filed by the Bar Date or has otherwise been deemed timely Filed under applicable law; or (e) a Claim that is allowed pursuant to the terms of the Plan.

4. "Allowed Claim" means a Claim that has been Allowed.

5. "Allowed Bilco Cure Claim" means, collectively, all Claims of Bilco arising under or relating to the Bilco Existing Agreement, which are Allowed Claims under the Plan and which will be fully satisfied, discharged and released as provided in Article III of the Plan.

6. "Allowed Century Cure Claim" means, collectively, all Claims of Century arising under or relating to the Century Existing Agreement, which are Allowed Claims under the Plan and which will be fully satisfied, discharged and released as provided in Article III of the Plan.

7. "Allowed Qwest Cure Claim" means, collectively, all Claims of Qwest arising under or relating to the Qwest Existing Agreements, which are Allowed Claims under the Plan and which will be fully satisfied, discharged and released as provided in Article III of the Plan.

8. "Allowed SWBT/Ameritech Cure Claims" means, collectively, all Claims of SWBT/Ameritech arising under or relating to the SWBT/Ameritech Existing Agreements,

which are Allowed Claims under the Plan and which will be fully satisfied, discharged and released as provided in Article III of the Plan.

9. "Allowed Valor Cure Claim" means, collectively, all Claims of Valor arising under or relating to the Valor Existing Agreements, which are Allowed Claims under the Plan and which will be fully satisfied, discharged and released as provided in Article III of the Plan.

10. "Allowed Verizon Cure Claim" means, collectively, all Claims of Verizon arising under or relating to the Verizon Existing Agreements, which are Allowed Claims under the Plan and which will be fully satisfied, discharged and released as provided in Article III of the Plan.

11. "Assets" means any and all real or personal property of any nature, including, without limitation, any real estate, buildings, structures, improvements, privileges, rights, easements, leases, subleases, licenses, goods, materials, supplies, furniture, fixtures, equipment, work in process, accounts, chattel paper, cash, deposit accounts, reserves, deposits, contractual rights, intellectual property rights, claims, causes of action and any other general intangibles of Sure-Tel, as the case may be, of any nature whatsoever, including, without limitation, the property of the estate pursuant to section 541 of the Bankruptcy Code.

12. "Assumed Contracts" mean those executory contracts or unexpired leases assumed by Sure-Tel pursuant to section 365 of the Bankruptcy Code.

13. "Avoidance Claims" means all claims of Sure-Tel to seek avoidance and/or recovery of fraudulent conveyances, fraudulent transfers or preferences under sections 544, 547, 548, 549, 550 and 551 of the Bankruptcy Code, except as may be compromised or

settled by Sure-Tel, with approval of the Bankruptcy Court after notice and a hearing, before the Effective Date.

14. "Bankruptcy Code" means sections 101, et seq., of title 11 of the United States Code, as amended from time to time.

15. "Bankruptcy Court" means the United States Bankruptcy Court for the Western District of Oklahoma having jurisdiction over the Chapter 11 Case.

16. "Bankruptcy Rules" means the Federal Rules of Bankruptcy Procedure, as amended from time to time, as applicable to the Chapter 11 Case, promulgated under 28 U.S.C. § 2075, and the Local Rules of the Bankruptcy Court.

17. "Bar Date" means such date(s) fixed by order(s) of the Bankruptcy Court by which proofs of claim, proofs of equity interest, or requests for allowance of an Administrative Claim must be filed.

18. "Billco" means Billco Inc.¹

19. "Billco Cure Claim" means the Allowed Claim of Billco arising under and relating to the cure of existing defaults under the Billco Existing Agreement, as amended and restated by the Billco Modified Agreement.

The Billco Modified Agreement is currently being negotiated by Billco and Sure-Tel. In the event agreement is not reached regarding the Billco Modified Agreement before the Confirmation Date, (a) the definitions of "Billco," "Billco Cure Claim," "Billco Existing Agreement" and "Billco Modified Agreement" will be deleted from Article I, (b) the treatment provisions for the Allowed Billco Cure Claim will be deleted from Article III and (c) the provision for the assumption of the Billco Existing Agreement, as modified and restated by Billco Modified Agreement, will be deleted from Article VIII. The result of such deletions, if made, will be that the Billco Existing Agreement will be rejected by Sure-Tel and any Allowed Claim of Billco resulting from such rejection will be treated in the Class of General Unsecured Claims other than Sub-debt Claims.

20. **"Billco Existing Agreement"** means the certain Agreement between Billco and Sure-Tel as existed on the Petition Date.

21. **"Billco Modified Agreement"** means the certain Amended and Restated Agreement to be entered into by and between Billco and Sure-Tel as of the Effective Date.

22. **"Business Day"** means any day, other than a Saturday, Sunday or legal holiday (as defined in Bankruptcy Rule 9006(a)).

23. **"Chapter 11 Case"** means the case under chapter 11 of the Bankruptcy Code, commenced by Sure-Tel in the Bankruptcy Court on November 1, 2001.

24. **"Chickasaw"** means Chickasaw Holding Company.

25. **"Claim"** means a claim (as defined in section 101(5) of the Bankruptcy Code) against Sure-Tel.

26. **"Class"** means a category of Holders of Claims or Old Equity Interests as set forth in Article III of the Plan.

27. **"Committee"** means any official committee appointed by the United States Trustee in this Chapter 11 Case.

28. **"Confirmation"** means the entry of the Confirmation Order by the Bankruptcy Court.

29. **"Confirmation Date"** means the date upon which the Confirmation Order is entered by the Bankruptcy Court.

30. **"Confirmation Order"** means the order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

31. **"Consummation"** means the occurrence of the Effective Date.

32. **"Creditor"** means any Holder of a Claim.

33. "Creditor Fund" means, collectively, the following assets: (i)

\$170,000.00 in cash deposited by Sure-Tel on the Effective Date in a segregated deposit account for the benefit of the holders of General Unsecured Claims other than Sub-debt Claims, and (ii) the Avoidance Claims and, as received, Net Avoidance Claims Recoveries.

34. "DIP Lenders" means, collectively, Chickasaw and Allied, and their

successors and assigns, in their capacity as post-Petition Date lenders to Sure-Tel pursuant to the DIP Order.

35. "DIP Lenders' Claims" means, collectively, the Allowed Claims of

the DIP Lenders arising under and relating to the post-Petition Date extension of credit to Sure-Tel by the DIP Lenders pursuant to the DIP Order.

36. "DIP Order" means the "Final Order Authorizing Debtor-In-Possession (1)

[sic] To Obtain Financing, Grant Security Interest, and Accord Priority Status Pursuant to Section 364(c) of the Bankruptcy Code" entered November 28, 2001.

37. "Disclosure Statement" means Sure-Tel's Disclosure Statement of even

date with this Plan, as it may be amended, supplemented, or modified from time to time, describing the Plan, that is prepared and distributed in accordance with the Bankruptcy Code and Bankruptcy Rules and other applicable law.

38. "Disputed" means, with respect to any Claim or Old Equity Interest, any

Claim or Old Equity Interest: (a) listed on the Schedules as unliquidated, disputed or contingent; (b) as to which Sure-Tel or any other party in interest have interposed a timely objection or request for estimation in accordance with the Bankruptcy Code and the Bankruptcy Rules or is otherwise disputed by Sure-Tel in accordance with applicable law, which objection, request for

estimation or dispute has not been withdrawn or adjudicated by a Final Order, or (c) unless otherwise indicated in the Plan.

39. "Distribution" means the cash or other property distributed to Holders of Allowed Claims or Old Equity Interests under Article III of the Plan.

40. "Effective Date" means, unless earlier following the Confirmation Date at the election of Sure-Tel, the first Business Day following the eleventh (11th) day after the Confirmation Date on which: (i) no stay of the Confirmation Order is in effect, and (ii) all conditions specified in both Article XIII of the Plan have been (x) satisfied or (y) waived.

41. "Entity" means an entity as defined in section 101(15) of the Bankruptcy Code.

42. "Estate" means the estate of Sure-Tel created by section 541 of the Bankruptcy Code upon the commencement of the Chapter 11 Case.

43. "Estate Assets" means Sure-Tel's Assets on the Effective Date.

44. "Estate Representative" means a fiduciary independent of all parties in interest to be appointed by the Bankruptcy Court on application of Sure-Tel, after hearing on notice to the Holders of the twenty (20) largest General Unsecured Claims other than Sub-debt Claims and to the U.S. Trustee, which hearing shall occur within thirty (30) days after the Confirmation Date, or as soon thereafter as the Bankruptcy Court's docket may permit, who shall hold and administer the Creditor Fund in accordance with any directions as the Bankruptcy Court may order from time-to-time, and who shall be the "representative of the [E]state appointed for such purpose" (as such phrase is used in section 1123(b)(3)(B) of the Bankruptcy Code).

45. "File" or "Filed" means file or filed with the Bankruptcy Court in the Chapter 11 Case.

46. "Final Decree" means the decree contemplated under Bankruptcy Rule

3022.

47. "Final Order" means an order or judgment of the Bankruptcy Court, or other court of competent jurisdiction with respect to the subject matter, which has not been reversed, stayed, modified or amended, and as to which the time to appeal or seek certiorari has expired and no appeal or petition for certiorari has been timely taken, or as to which any appeal that has been taken or any petition for certiorari that has been or may be filed has been resolved by the highest court to which the order or judgment was appealed or from which certiorari was sought.

48. "GE Capital" means GE Capital Equity Investments, Inc. and General Electric Capital Corporation.

49. "General Unsecured Claim" means any Unsecured Claim that is not entitled to priority under section 507(a) of the Bankruptcy Code or subordinated pursuant to Bankruptcy Code section 510 and which is not a Priority Tax Claim or Other Priority Claim.

50. "Holder" means a Person or Entity holding an Old Equity Interest or Claim.

51. "Impaired" means, with respect to a Claim or an Interest, or a Class of Claims or Interests, a Claim or an Interest, or a Class of Claims or Interests, that is impaired within the meaning of section 1124 of the Bankruptcy Code.

52. "Lien" means any charge against or interest in property to secure payment or performance of a claim, debt, or obligation.

53. "Net Avoidance Claims Recoveries" means any and all recoveries obtained by the Estate Representative upon the Avoidance Claims, after payment of all associated recovery fees and expenses of the Estate Representative.

54. "New Common Stock" means new common stock of Sure-Tel to be authorized, issued and delivered on the Effective Date.

55. "New Preferred Stock" means new five percent (5%) cumulative preferred stock of Sure-Tel, dividends on which shall be deferred until required, agreed cure payments have been made to Holders of Claims in Classes 3, 4, 5, 6 and 7, to be authorized, issued and delivered on the Effective Date.

56. "Old Common Stock" means the common stock of Sure-Tel authorized, issued or outstanding on the Petition Date.

57. "Old Equity Holder" means the Holder of an Old Equity Interest.

58. "Old Equity Interest" means an interest in, and all rights and interests arising from or relating to, Old Common Stock or Old Preferred Stock, including, but not limited to, all issued, unissued, authorized or outstanding shares, together with any warrants, options, conversion rights or contract rights to purchase or acquire such interests at any time.

59. "Old Preferred Stock" means the preferred stock of Sure-Tel authorized, issued or outstanding on the Petition Date.

60. "Other Priority Claim" means any Claim accorded priority in right of payment under section 507(a) of the Bankruptcy Code, other than a Priority Tax Claim, or an Administrative Claim.

61. "Person" means a person as defined in section 101(41) of the Bankruptcy Code.

62. "Petition Date" means November 1, 2001, the date on which Sure-Tel filed its voluntary petition.

63. "Plan" means this Plan of Reorganization, as modified, either in its present form or as it may be altered, amended, modified or supplemented from time to time in accordance with the Plan, the Bankruptcy Code and the Bankruptcy Rules.

64. "Priority Tax Claim" means a Claim of a governmental unit of the kind specified in section 507(a)(8) of the Bankruptcy Code, including but not limited to income taxes, real property taxes not due as of the Petition Date, sales taxes and use taxes.

65. "Professional" means a Person or Entity (a) employed pursuant to a Final Order in accordance with sections 327 and 1103 of the Bankruptcy Code and to be compensated for services rendered prior to the Effective Date, pursuant to sections 327, 328, 329, 330 and 331 of the Bankruptcy Code, or (b) for whom compensation and reimbursement has been allowed by the Bankruptcy Court pursuant to section 503(b)(4) of the Bankruptcy Code.

66. "Professional Fee Claims" means those fees and expenses claimed by Professionals retained through a Bankruptcy Court order, pursuant to sections 330, 331 and/or 503 of the Bankruptcy Code, and unpaid as of the Confirmation Date.

67. "Professional Fees" means all Allowed Claims for compensation and for reimbursement of expenses under sections 328 and 330 of the Bankruptcy Code.

68. "Proof of Claim" means a proof of claim pursuant to section 501 of the Bankruptcy Code and/or any order of the Bankruptcy Court, together with supporting documents.

69. "Pro Rata Share" means the amount of any Distribution equal to the proportion that an Allowed Claim in a particular Class bears to the aggregate amount of all Allowed Claims in such Class.

70. "Qwest" means Qwest Communications Corporation.²

71. "Qwest Cure Claim" means the Allowed Claims of Qwest arising under and relating to the cure of existing defaults under the Qwest Existing Agreements, as amended and restated by the Qwest Modified Agreements.

72. "Qwest Existing Agreements" means the certain Resale and Marketing Agreements between Qwest and Sure-Tel as existed on the Petition Date.

73. "Qwest Modified Agreements" means the certain Amended and Restated Resale and Marketing Agreements to be entered into by and between Qwest and Sure-Tel as of the Effective Date.

74. "Resale and Marketing Agreement" means an interconnection and telecommunications services resale agreement by and between Sure-Tel and either Century, SWBT/Ameritech, Qwest, Valor or Verizon.

75. "Rights of Action" means all claims, demands, rights, actions, causes of action and suits of Sure-Tel's Estate, except the Avoidance Claims, of any kind or character whatsoever, known or unknown, suspected or unsuspected, whether arising prior to, on or after the Petition Date, in contract or in tort, at law or in equity or under any other theory of law, including but not limited to (a) rights of setoff, counterclaim or recoupment, and claims on

² The Qwest Modified Agreements are currently being negotiated by Qwest and Sure-Tel. In the event agreement is not reached regarding the Qwest Modified Agreements before the Confirmation Date, (a) the definitions of "Qwest," "Qwest Cure Claim," "Qwest Existing Agreements" and "Qwest Modified Agreements" will be deleted from Article I, (b) the treatment provisions for the Allowed Qwest Cure Claim will be deleted from Article III and (c) the provision for the assumption of the Qwest Existing Agreements, as modified and restated by Qwest Modified Agreements, will be deleted from Article VIII. The result of such deletions, if made, will be that the Qwest Existing Agreements will be rejected by Sure-Tel and any Allowed Claim of Qwest resulting from such rejection will be treated in the Class of General Unsecured Claims other than Sub-debt Claims.

contracts or for breaches of duties imposed by law, (b) the right to object to Claims or Old Equity Interests, (c) claims pursuant to section 362 of the Bankruptcy Code, (d) claims and defenses such as fraud, mistake, duress, usury and (e) all rights to seek subordination and all rights and remedies under sections 502(d), 506, 510, 542, 543, 545, 552 or 553, except as may be compromised or settled by Sure-Tel, with approval of the Bankruptcy Court after notice and a hearing, before the Effective Date.

76. "Schedules" means the schedules of assets and liabilities which Sure-Tel is required to File pursuant to section 521 of the Bankruptcy Code, the Official Bankruptcy Forms and the Bankruptcy Rules, as they may be amended and supplemented from time to time, and Sure-Tel's statement of financial affairs filed with the Bankruptcy Court, Sure-Tel is required to File pursuant to section 521 of the Bankruptcy Code, the Official Bankruptcy Forms and the Bankruptcy Rules, as they may be amended and supplemented from time to time.

77. "Secured Claim" means (a) a Claim that is secured by a lien on property in which the Estate has an interest, which lien is valid, perfected and enforceable under applicable law or by reason of a Final Order, or that has rights to setoff under section 553 of the Bankruptcy Code, to the extent of the value of the Creditor's interest in the Estate's interest in such property or to the extent of the right to setoff, as applicable, as determined pursuant to section 506(a) of the Bankruptcy Code, or (b) a Claim Allowed under the Plan as a Secured Claim.

78. "Serve" or "Served" means mailed to Sure-Tel and its counsel, and to such other parties in interest as required by applicable Bankruptcy Rules.

79. "Sub-debt Claim" means any Claim of either Chickasaw or Allied, other than the DIP Lenders' Claims, and any Claim of GE Capital, Chickasaw Long Distance Co., Chickasaw Telecom, Inc., Chickasaw Technology Products, Inc., Fiber Optics Network

Solutions, Inc., OK Five, LLC, Indian Nations Fiber Optics, Inc., Chickasaw Finance Company, Brightnet Oklahoma, LLC and Chickasaw Telephone Company.

80. "Sure-Tel" means Sure-Tel, Inc., an Oklahoma Corporation.

81. "SWBT/Ameritech" means, collectively, Southwestern Bell Telephone Company, Illinois Bell Telephone Company, Indiana Bell Telephone Company Inc., Michigan Bell Telephone Company and The Ohio Bell Telephone Company.

82. "SWBT/Ameritech Cure Claims" means the Allowed Claims of SWBT/Ameritech arising under and relating to the cure of existing defaults under the SWBT/Ameritech Existing Agreements, as amended and restated by the SWBT/Ameritech Modified Agreements.

83. "SWBT/Ameritech Existing Agreements" means those certain Resale and Marketing Agreements between SWBT/Ameritech and Sure-Tel as existed on the Petition Date.

84. "SWBT/Ameritech Modified Agreements" means those certain Amended and Restated Resale and Marketing Agreements to be entered into by and between SWBT/Ameritech and Sure-Tel as of the Effective Date.

85. "Unimpaired" means, with respect to a Claim or an Interest, or a Class of Claims or Interests, a Claim or an Interest, or a Class of Claims or Interests, that is not Impaired.

86. "Unsecured Claim" means any Claim against Sure-Tel that is not a Secured Claim or Administrative Claim.

87. "U.S. Trustee" means the Office of the United States Trustee for the Western District of Oklahoma.

88. "Valor" means Valor Telecommunications LLC.³

89. "Valor Cure Claim" means the Allowed Claims of Valor arising under and relating to the cure of existing defaults under the Valor Existing Agreements, as amended and restated by the Valor Modified Agreements.

90. "Valor Existing Agreements" means the certain Resale and Marketing Agreements between Valor and Sure-Tel as existed on the Petition Date.

91. "Valor Modified Agreements" means the certain Amended and Restated Resale and Marketing Agreements to be entered into by and between Valor and Sure-Tel as of the Effective Date.

92. "Verizon" means Verizon Communications Inc. f/k/a Bell Atlantic Corporation and GTE Corporation.⁴

³ The Valor Modified Agreements are currently being negotiated by Valor and Sure-Tel. In the event agreement is not reached regarding the Valor Modified Agreements before the Confirmation Date, (a) the definitions of "Valor," "Valor Cure Claim," "Valor Existing Agreements" and "Valor Modified Agreements" will be deleted from Article I, (b) the treatment provisions for the Allowed Valor Cure Claim will be deleted from Article III and (c) the provision for the assumption of the Valor Existing Agreements, as modified and restated by Valor Modified Agreements, will be deleted from Article VIII. The result of such deletions, if made, will be that the Valor Existing Agreements will be rejected by Sure-Tel and any Allowed Claim of Valor resulting from such rejection will be treated in the Class of General Unsecured Claims other than Sub-debt Claims.

⁴ The Verizon Modified Agreements are currently being negotiated by Verizon and Sure-Tel. In the event agreement is not reached regarding the Verizon Modified Agreements before the Confirmation Date, (a) the definitions of "Verizon," "Verizon Cure Claim," "Verizon Existing Agreements" and "Verizon Modified Agreements" will be deleted from Article I, (b) the treatment provisions for the Allowed Verizon Cure Claim will be deleted from Article III and (c) the provision for the assumption of the Verizon Existing Agreements, as modified and restated by Verizon Modified Agreements, will be deleted from Article VIII. The result of such deletions, if made, will be that the Verizon Existing Agreements will be rejected by Sure-Tel and any Allowed Claim of Verizon resulting from such rejection will be treated in the Class of General Unsecured Claims other than Sub-debt Claims.

93. "Verizon Cure Claim" means the Allowed Claims of Verizon arising under and relating to the cure of existing defaults under the Verizon Existing Agreements, as amended and restated by the Verizon Modified Agreements.

94. "Verizon Existing Agreements" means the certain Resale and Marketing Agreements between Verizon and Sure-Tel as existed on the Petition Date.

95. "Verizon Modified Agreements" means the certain Amended and Restated Resale and Marketing Agreements to be entered into by and between Verizon and Sure-Tel on the Effective Date.

B. Rules of Interpretation. For purposes of the Plan: (a) whenever from the context it is appropriate, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and each pronoun, whether stated in the masculine, feminine or neuter gender, shall include the masculine, feminine and the neuter gender; (b) the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; and (c) any term used in capitalized form in the Plan that is not defined herein but that is defined in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to such term in the Bankruptcy Code or the Bankruptcy Rules, as the case may be.

C. Computation of Time. In computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) shall apply.

D. Governing Law. Except to the extent that the Bankruptcy Code or Bankruptcy Rules are applicable, and subject to the provisions of any contract, instrument, release, or other agreement or document entered into in connection with the Plan, the rights and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of Oklahoma, without giving effect to the principles of conflict of laws thereof.

II.**Administrative Claims, Professional Fees and Priority Tax Claims****A. Introduction.**

Certain types of Claims are not placed into Classes. They are not considered Impaired and they do not vote on the Plan because they are entitled to specific treatment provided for them in the Bankruptcy Code. Therefore, Sure-Tel has not placed Administrative Claims, Professional Fee Claims and Priority Tax Claims into a Class under the Plan and all such Claims shall be treated as provided below.

B. Administrative Claims.

Sure-Tel shall pay each Holder of an Allowed Administrative Claim (except for DIP Lenders' Claims and Professional Fees to the extent that their treatment is expressly set forth below) in full in the amount of the Allowed Claim, without interest, in cash, on the later of (a) the Effective Date (or as soon thereafter as practicable) or (b) within thirty (30) days after the Claim becomes an Allowed Claim or (c) the date such Claim is payable in the ordinary course of Sure-Tel's business. Under the Plan, the Holder of an Allowed Administrative Claim may be paid on such other date and upon such other terms as may be agreed upon by that Holder of an Allowed Administrative Claim and Sure-Tel.

Notwithstanding any provision in the Plan regarding payment of Administrative Claims, all Holders of Administrative Claims, which have not been paid as of the Effective Date, must File and serve a request for payment of Administrative Claims with the Bankruptcy Court and serve the same on Sure-Tel's counsel and the U.S. Trustee such that the request is actually received no later than thirty (30) days after the Confirmation Date, or such Claim shall be forever barred and shall not be enforceable against Sure-Tel, its successors, its assigns or its property.

An objection to an Administrative Claim must be filed within 20 days after the date such Claim is Filed and Served. Without limiting the foregoing, all fees payable under 28 U.S.C. § 1930 that have not been paid, shall be paid on or before the Effective Date.

C. DIP Lenders' Claims

Subject to the condition stated below, the DIP Lenders have agreed that the DIP Lenders' Claims shall be fully satisfied, discharged and released as of the Effective Date by Sure-Tel's authorization, issuance and delivery to Chickasaw of 1,000,000 shares of the New Preferred Stock and 63,000 shares of the New Common Stock, and to Allied of 1,000,000 shares of the New Preferred Stock and 37,000 shares of the New Common Stock. The DIP Lenders' agreement to accept such shares of stock is conditioned on each DIP Lender's right to elect that a portion of the shares of stock be distributed to the electing DIP Lender on account of such DIP Lender's Interest as a holder of Old Preferred Stock. An electing DIP Lender shall, on or before the Effective Date, notify Sure-Tel of the number of shares of the New Preferred Stock and/or the number of shares of the New Common Stock that shall be attributed to the exchange of such DIP Lender's Old Preferred Stock. Except as set forth herein, no other Distribution shall be made on account of the DIP Lenders' Claims.

D. Professional Fees.

Sure-Tel shall pay Professionals who are entitled to allowance of fees and reimbursement of expenses from the Estate, in cash, the amount awarded to such Professionals by Final Order of the Bankruptcy Court, less the amount of fees previously paid to the Professionals pursuant to any interim orders of the Bankruptcy Court providing for payment of interim compensation to Professionals, on the later of the Effective Date and the date upon which any order awarding fees and/or expenses becomes a Final Order. The Holder of an Allowed

Claim for Professional Fees may be paid on such later date and upon such other terms as may be agreed upon by that Holder of an Allowed Administrative Claim and Sure-Tel. Each Professional must File and Serve a properly noticed fee application and the Bankruptcy Court must rule on the application. Only the amounts of Professional Fees allowed by the Bankruptcy Court will be owed and required to be paid by Sure-Tel.

Professionals or other Entities requesting compensation or reimbursement of expenses pursuant to sections 327, 328, 330, 331, 503(b) and 1103 of the Bankruptcy Code for services rendered prior to the Effective Date must File and Serve an application for final allowance of compensation and reimbursement of expenses no later than thirty (30) days after the Effective Date. All such applications for final allowance of compensation and reimbursement of expenses will be subject to the authorization and approval of the Bankruptcy Court. Holders of Administrative Claims (including, without limitation, Professionals) requesting compensation or reimbursement of expenses that do not File such requests by the applicable bar date shall be forever barred from asserting such claims against Sure-Tel, its successors, assigns or property. Any objection to Professional Fee Claims shall be Filed and Served in accordance with the Bankruptcy Code, the Bankruptcy Rules and any applicable orders of the Bankruptcy Court.

All reasonable fees for services rendered by Professionals engaged by Sure-Tel in connection with the Chapter 11 Case and the Plan after the Effective Date, including those relating to the resolution of pending Claims, may be paid by Sure-Tel without further Bankruptcy Court authorization.

E. Priority Tax Claims.

Each Holder of such an Allowed Priority Tax Claim will be paid in full, in cash, on the later of (1) the Effective Date (or as soon thereafter as practicable), (2) within sixty (60)

days after the Claim becomes an Allowed Claim and (3) the date on which that Claim becomes due and payable, except to the extent that the Holder of an Allowed Priority Tax Claim agrees or has agreed to different terms.

III. Classification and Treatment of Classified Claims and Old Equity Interests

A. Introduction.

The categories of Claims and Old Equity Interests listed below classify Claims and Old Equity Interests for all purposes, including voting, Confirmation and Distribution pursuant to the Plan and pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim or Old Equity Interest shall be deemed classified in a particular Class only to the extent that the Claim or Old Equity Interest qualifies within the description of that Class and shall be deemed classified in a different Class to the extent that any remainder of such Claim or Old Equity Interest qualifies within the description of such different Class. A Claim or Old Equity Interest (i) is in a particular Class only to the extent that such Claim or Old Equity Interest is Allowed in that Class and (ii) has not been paid or otherwise settled prior to the Effective Date.

B. Classification and Treatment of Claims and Old Equity Interests.

The classification of Claims and Old Equity Interests against Sure-Tel pursuant to the Plan is as follows:

<u>Class</u>	<u>Status</u>	<u>Voting Rights</u>
Class 1 -- Other Priority Claims	Unimpaired	Not Entitled to Vote
Class 2 -- Bilco Cure Claim	Impaired	Entitled to Vote
Class 3 -- Qwest Cure Claim	Impaired	Entitled to Vote
Class 4 -- SWBT/Ameritech Cure Claim	Impaired	Entitled to Vote

Class 5 -- Valor Cure Claim	Impaired	Entitled to Vote
Class 6 -- Verizon Cure Claim	Impaired	Entitled to Vote
Class 7 -- General Unsecured Claims other than Sub-debt Claims	Impaired	Entitled to Vote
Class 8 -- Sub-debt Claims	Impaired	Entitled to Vote
Class 9 -- Old Equity Interests	Impaired	Not Entitled to Vote; Deemed Rejected

1. Class 1 -- Other Priority Claims.

a. Classification: Class 1 consists of all Allowed Other Priority Claims.

b. Treatment: The Allowed Class 1 Claims shall be fully satisfied, discharged and released as of the Effective Date by Sure-Tel's payment of all Allowed Class 1 Claims in full, in cash, without interest, on the later of (x) the Effective Date (or as soon thereafter as practicable), (y) within sixty (60) days after the Claim becomes an Allowed Claim, and (z) the date on which such Claim becomes due and payable, except to the extent that the Holder of the Allowed Claim in Class 1 agrees or has agreed to a different treatment. No other Distribution shall be made on account of the Allowed Class 1 Claims.

c. Voting: Class 1 is unimpaired under the Plan and the Holders of Class 1 Claims are not entitled to vote.

2. Class 2 -- Billco Cure Claim.

a. Classification: Class 2 consists of the Allowed Billco Cure Claim.

b. Treatment: The Allowed Class 2 Claim shall be fully satisfied, discharged and released as of the Effective Date by the consensual modification and restatement of the Billco Existing Agreement, as shall be evidenced by the execution and

delivery of the Bilco Modified Agreement, and the assumption thereof by Sure-Tel and the agreed cure payment, as provided in Article VIII of the Plan. No other Distribution shall be made on account of the Allowed Class 2 Claim.

c. Voting: Class 2 is Impaired and the Holder of the Class 2 Claim is entitled to vote to accept or reject the Plan.

3. Class 3 -- Qwest Cure Claim.

a. Classification: Class 3 consists of the Allowed Qwest Cure Claim.

b. Treatment: The Allowed Class 3 Claim shall be fully satisfied, discharged and released as of the Effective Date by the consensual modification and restatement of the Qwest Existing Agreements, as shall be evidenced by the execution and delivery of the Qwest Modified Agreements, and the assumption thereof by Sure-Tel and agreed cure payment, as provided in Article VIII of the Plan. No other Distribution shall be made on account of the Allowed Class 3 Claim.

c. Voting: Class 3 is Impaired and the Holder of the Class 3 Claim is entitled to vote to accept or reject the Plan.

4. Class 4 -- SWBT/Ameritech Cure Claims.

a. Classification: Class 4 consists of the Allowed SWBT/Ameritech Cure Claims.

b. Treatment: The Allowed Class 4 Claims shall be fully satisfied, discharged and released as of the Effective Date by the consensual modification and restatement of the SWBT/Ameritech Existing Agreements, as shall be evidenced by the execution and delivery of the SWBT/Ameritech Modified Agreements, and the assumption thereof by Sure-Tel and agreed cure payments, as provided in Article VIII of

the Plan. No other Distributions shall be made on account of the Allowed Class 4 Claim.

c. Voting: Class 4 is Impaired and the Holders of the Class 4 Claims are entitled to vote to accept or reject the Plan.

5. Class 5 -- Valor Cure Claim.

a. Classification: Class 5 consists of the Allowed Valor Cure Claim.

b. Treatment: The Allowed Class 5 Claim shall be fully satisfied, discharged and released as of the Effective Date by the consensual modification and restatement of the Valor Existing Agreements, as shall be evidenced by the execution and delivery of the Valor Modified Agreements, and the assumption thereof by Sure-Tel and agreed cure payment, as provided in Article VIII of the Plan. No other Distribution shall be made on account of the Allowed Class 5 Claim.

c. Voting: Class 5 is Impaired and the Holder of the Class 5 Claim is entitled to vote to accept or reject the Plan.

6. Class 6 -- Verizon Cure Claim.

a. Classification: Class 6 consists of the Allowed Verizon Cure Claim.

b. Treatment: The Allowed Class 6 Claim shall be fully satisfied, discharged and released as of the Effective Date by the consensual modification and restatement of the Verizon Existing Agreements, as shall be evidenced by the execution and delivery of the Verizon Modified Agreements, and the assumption thereof by Sure-Tel and agreed cure payment, as provided in Article VIII of the Plan. No other Distribution shall be made on account of the Allowed Class 6 Claim.

c. Voting: Class 6 is Impaired and the Holder of the Class 6 Claim is

entitled to vote to accept or reject the Plan.

7. Class 7 – General Unsecured Claims other than Sub-debt Claims.

a. Classification: Class 7 consists of all General Unsecured Claims other than Sub-debt Claims.

b. Treatment: Each Holder of an Allowed General Unsecured Claim other than Sub-debt Claims shall be fully satisfied, discharged and released as of the Effective Date in consideration for the Distribution of a Pro Rata Share of the Creditor Fund as such Distributions are made by the Estate Representative. No other Distributions shall be made on account of the Allowed Class 7 Claims.

c. Voting: Class 7 is Impaired and the Holders of Class 7 Claims are entitled to vote to accept or reject the Plan.

8. Class 8 – Sub-debt Claims.

a. Classification: Class 8 consists of all Sub-debt Claims.

b. Treatment: As of the Effective Date, all Allowed Sub-Debt Claims shall be fully satisfied, discharged and released in consideration of the following:

(i) Agreed subordination of such Claims to the Claims in Class 7 – General Unsecured Claims other than Sub-debt Claims;

(ii) Distribution of \$1.00 to each Holder of such Claim; and

(iii) Mutual release by Sure-Tel, the Estate and each Holder of such Claim, of each other, and of each of their respective officers, directors, employees, agents and attorneys, and their respective predecessors, successors and assigns, of and from any and all actions, suits, debts, covenants, agreements, obligations, liabilities, claims, demands, acts omissions, misfeasance, losses and expenses

whatsoever, known or unknown, fixed or contingent, matured or unmatured, liquidated or unliquidated, in law or in equity, heretofore or now existing, which in any way arise out of, are connected with or relate to the investments, extensions of credit and other dealings of the Holders of the Sub-debt Claims with Sure-Tel before the Petition Date, as well as any action or inaction of any Person or Entity released hereunder with respect thereto, excepting from such release only such continuing obligations between Sure-Tel and the DIP Lenders provided for in Article II.C of the Plan. No other Distribution shall be made on account of the Allowed Class 8 Claims.

c. Voting: Class 8 is Impaired and the Holders of Class 8 Claims are entitled to accept or reject the Plan.

9. Class 9 -- Old Equity Interests.

a. Classification: Class 9 consists of all Old Equity Interests.

b. Treatment: As of the Effective Date, and except only as provided in part C of Article II above respecting Old Preferred Stock of an electing DIP Lender, all share certificates and other instruments evidencing all Old Equity Interests shall be deemed canceled, and any and all rights or interests arising by virtue of the Old Equity Interests shall be deemed fully satisfied, discharged and released, without further act or action under any applicable agreement, law, regulation, order, or rule, and the obligations of Sure-Tel under all certificates and agreements governing each such Interest, if any, shall be terminated, and the holders of such Old Equity Interests shall not receive or retain anything on account thereof.

c. Voting: Class 9 is Impaired and Holders of Old Equity Interests are

deemed to have rejected the Plan.

IV. **VOTING**

A. Voting Classes.

Each Holder of an Allowed Claim in Classes 2, 3, 4, 5, 6, 7 and 8 is entitled to vote either to accept or to reject the Plan. Only those votes cast by Holders of Allowed Claims shall be counted in determining whether acceptances have been received sufficient in number and amount to obtain Confirmation.

B. Acceptances by Impaired Classes.

An Impaired Class of Claims shall have accepted the Plan if (a) the Holders (other than any Holder designated under section 1126(e) of the Bankruptcy Code) of at least two-thirds in dollar amount of the Allowed Claims actually voting in such Class have voted to accept the Plan and (b) the Holders (other than any Holder designated under section 1126(e) of the Bankruptcy Code) of more than one-half in number of the Allowed Claims actually voting in such Class have voted to accept the Plan.

V. **EFFECT OF CONFIRMATION**

A. Vesting of Assets in Sure-Tel.

On the Effective Date, all Estate Assets (excluding only the Creditor Fund, which shall be transferred to the Estate Representative) shall vest in Sure-Tel free of any Claims, Liens and Old Equity Interests.

B. Post-Confirmation Directors and Officers.

On the Effective Date, the directors and officers of Sure-Tel are expected to be as follows:

David H. Miller

President, Director

Thomas F. Riley, Jr.

Vice President, Director

Mark Layton

Chief Financial Officer

Fob Jones

Secretary, Treasurer

Scott Binder

Director

Royce Gauntt

Director

Compensation of each officer and director shall initially be the compensation as in effect prior to the Effective Date as set forth in the Disclosure Statement.

C. Authority to Effectuate Plan.

Upon the entry of the Confirmation Order by the Bankruptcy Court, all matters provided under the Plan will be deemed to be authorized and approved without further approval from the Bankruptcy Court. The Confirmation Order will act as an order modifying Sure-Tel's Certificate of Incorporation and Bylaws such that the provisions of the Plan can be effectuated, so as to include, without limitation, provisions authorizing Sure-Tel to authorize and issue the New Preferred Stock and the New Common Stock and prohibiting the issuance of non-voting stock. Sure-Tel shall be authorized, without further application to or order of the Bankruptcy Court, to take whatever action is necessary to achieve Consummation and carry out the Plan and to effectuate the Distributions provided for under the Plan.

D. Binding Effect.

Except as otherwise expressly provided in the Plan, on and after the Effective Date, the Plan and all exhibits referred in the Plan shall bind all Holders of Claims and Old Equity Interests.

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VI.
COMMITTEE

Upon the Effective Date, any Committee in existence shall be dissolved and its members shall be deemed released of all their duties, responsibilities and obligations. The retention or employment of any Committee Professional or agent shall terminate upon the dissolution of the Committee.

VII.
IMPLEMENTATION OF THE PLAN

A. Funding of Plan.

1. The sources of funds to achieve Consummation and to carry out the Plan shall be Sure-Tel's satisfaction of the DIP Lenders' Claims by issuance and delivery of the New Preferred Stock and the New Common Stock, as provided in Article ILC of the Plan, cash on hand and operating revenues.

2. On the Effective Date, Sure-Tel shall deposit in a segregated deposit account \$170,000.00 in cash which, together with the Avoidance Claims, shall comprise the Creditor Fund to be received and administered by the Estate Representative from and after the date of his appointment.

3. On the Effective Date, all necessary parties shall execute and deliver all documents and instruments not previously executed and delivered, and take all actions necessary to consummate the transactions contemplated by the Plan. All fees and expenses of the Estate Representative, and any professionals or agents as he or she may employ, shall be paid from the Creditor Fund.

B. Rights of Sure-Tel.

In addition to its other rights under the Plan, Sure-Tel shall have the right, but not

the obligation, to retain and compensate professionals (including, but not limited to, the

Professionals retained by Sure-Tel prior to the Effective Date) and other Persons to assist Sure-Tel in operating its business and performing its duties under the Plan.

C. Amendment of Certificate of Incorporation and By-Laws.

Upon the Effective Date, Sure-Tel shall amend its Certificate of Incorporation and By-Laws, as necessary to effectuate the terms of the Plan, including, without limitation, to provide for the issuance of the New Preferred Stock and the New Common Stock, and to prohibit the issuance of non-voting stock.

D. Section 1145 Benefits.

The recipients of New Preferred Stock and New Common Stock issued pursuant to the Plan shall be entitled to all of the benefits of Bankruptcy Code section 1145.

VIII
TREATMENT OF EXECUTORY
CONTRACTS AND UNEXPIRED LEASES

A. Assumption of Indemnity Agreements.

As of the Petition Date, Sure-Tel was a party to agreements (including, without limitation, Sure-Tel's obligations under its bylaws) to indemnify certain of Sure-Tel's directors and officers, who will continue to serve as directors and officers after the Effective Date, from specified liabilities (collectively, "Indemnity Agreements"). The Indemnity Agreements represent important obligations of Sure-Tel which are instrumental to the retention of the management and other employees of Sure-Tel through Sure-Tel's restructuring and enhance Sure-Tel's ability to attract and retain capable directors and officers.

Accordingly, to the extent such Indemnity Agreements constitute executory contracts that have not been assumed or rejected during the pendency of Sure-Tel's Chapter 11

Case, Sure-Tel shall assume all such agreements with respect to directors and officers who are to continue serving as directors and officers of Sure-Tel after the Effective Date, whether or not such Indemnity Agreements are identified on Exhibit "A" to the Disclosure Statement.

B. Assumption of Certain Existing Agreements. Sure-Tel shall assume the following existing agreements:

1. Bilco Existing Agreement, as modified and restated by the Bilco Modified Agreement.
2. SWBT/Ameritech Agreements, as modified and restated by the SWBT/Ameritech Modified Agreements.
3. Qwest Existing Agreements, as modified and restated by the Qwest Modified Agreements.
4. Valor Existing Agreements, as modified and restated by the Valor Modified Agreements.
5. Verizon Existing Agreements, as modified and restated by the Verizon Modified Agreements.

C. Rejection of Other Executory Contracts and Unexpired Leases.

Pursuant to the Plan, on the Effective Date, except for a executory contracts or unexpired leases that (a) were previously assumed or rejected as approved by orders of the Bankruptcy Court pursuant to section 365 of the Bankruptcy Code, (b) qualifies as an Indemnity Agreement, (c) is one of the existing agreements Sure-Tel shall assume as provided in part B above or (d) is listed on Exhibit "A" attached to the Disclosure Statement under the heading "Contracts/Leases to be Assumed," all executory contracts and unexpired leases entered into by Sure-Tel prior to the Petition Date that have not previously expired or terminated pursuant to their own terms shall be deemed rejected pursuant to section 365 of the Bankruptcy Code. Sure-Tel reserves the right, after notice and hearing, to add or delete any executory contract or

unexpired lease from Exhibit "A" prior to Confirmation of the Plan. However, as to those

executory contracts or unexpired leases that are not on Exhibit "A" as of Confirmation of the Plan, the Confirmation Order shall constitute an order of the Bankruptcy Court approving the rejection of such executory contracts or unexpired leases pursuant to section 365 of the Bankruptcy Code, as of the Effective Date. The non-debtor parties to any rejected personal property leases will be responsible for taking all steps necessary to retrieve, at their expense, any personal property that is the subject of such executory contracts or leases.

D. Claims Based on Rejection of Executory Contracts or Unexpired Leases.

All Proofs of Claim with respect to Claims arising from the rejection of executory contracts or unexpired leases, if any, must be Filed and Served no later than thirty (30) days after the entry of the Confirmation Order. Any Claims arising from the rejection of an executory contract or unexpired lease not Filed within such time will be forever barred from assertion against Sure-Tel or Sure-Tel's Estate. All such Claims for which Proofs of Claim are required to be Filed will be, and will be treated as, General Unsecured Claims subject to the provisions of Article III hereof.

IX.

RETENTION AND ENFORCEMENT OF AVOIDANCE CLAIMS

Except as provided in Article III.B.8 of the Plan, as of the Effective Date, the Avoidance Claims shall be transferred to, retained and enforced by the Estate Representative to the fullest extent permitted by section 1123(b)(3) of the Bankruptcy Code. Without limiting the generality of the foregoing, Avoidance Claims identified on Exhibit "E" attached to the Disclosure Statement are expressly covered by this Article.

X

~~PROVISIONS GOVERNING DISTRIBUTIONS~~A. Distribution for Allowed Claims – Other than General Unsecured Claims.

Sure-Tel shall make all Distributions provided for under the Plan, except for Distributions to the Holders of General Unsecured Claims other than Sub-debt Claims.

B. Distributions for Allowed Claims – General Unsecured Claims.

The Estate Representative shall make all Distributions provided for under the Plan to the Holders of Allowed General Unsecured Claims other than Sub-debt Claims. As approved by the Bankruptcy Court, the Estate Representative may establish such escrows or reserves as may be necessary or appropriate to (i) pay a Pro Rata Share to each General Unsecured Claim other than Sub-debt Claims which are not yet Allowed at the date of any Distribution and (ii) provide payment for costs and expenses of the Estate Representative and his or her professionals and agents.

C. Time of Distributions.

Except as otherwise provided in the Plan, Distributions on account of those Claims that are Allowed as of the Effective Date shall to be made on the Effective Date (or as soon thereafter as is practicable). Distributions on account of Claims that become Allowed after the Effective Date shall be made pursuant to Article III of the Plan.

Except as otherwise set forth in the Plan, Sure-Tel and the Estate Representative, as applicable, may, but shall not be required to, set-off against any Claim and the Distributions to be made pursuant to the Plan in respect of such Claim any Rights of Action or Avoidance Claims, as applicable, which the Estate may have against the Holder of the Claim, but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release of

any such Rights of Action or Avoidance Claim, as applicable, right of set-off or recoupment.

D. Manner of Payment.

Any payment of cash made under the Plan may be made either by check drawn on a domestic bank, by wire transfer, or by automated clearing house transfer from a domestic bank.

Under section 1146(c) of the Bankruptcy Code, the issuance, transfer or exchange of a security, or making or delivery of an instrument of transfer under a plan may not be taxed under any law imposing a stamp tax or similar tax. Pursuant thereto, entry of the Confirmation Order shall be a determination that no stamp tax or similar tax may be imposed on any such transaction effected pursuant to the Plan.

E. Transmittal of Distributions to Parties Entitled Thereto.

All Distributions by check shall be deemed made at the time such check is duly deposited in the United States mail, postage prepaid. All Distributions by wire transfer shall be deemed made as of the date the Federal Reserve or other wire transfer is made. Except as Sure-Tel or the Estate Representative, as applicable, may, at its option, otherwise agree with the Holder of an Allowed Claim in respect thereof or as provided in the Plan, any property to be distributed on account of an Allowed Claim shall be distributed by mail to (a) the latest mailing address Filed for the Holder of an Allowed Claim entitled to a Distribution, (b) the latest mailing address Filed for a Holder of a Filed power of attorney designated by the Holder of such Claim to receive Distributions, (c) the latest mailing address Filed for the Holder's transferee as identified in a Filed and Served notice or (d) if no such mailing address has been Filed, the mailing address reflected on the Schedules.

F. Disputed Claims and Unclaimed Property.

Notwithstanding all references in the Plan to Claims that are Allowed, in

undertaking the calculations concerning Allowed Claims under the Plan, including the determination of the amount of Distributions due to the Holders of Allowed Claims, each Disputed Claim shall be treated as if it were an Allowed Claim, as appropriate, except that if the Bankruptcy Court estimates the amount of a Disputed Claim that will be Allowed (which estimations may be requested by Sure-Tel or the Estate Representative, as applicable), such estimated amount as determined by the Bankruptcy Court shall be the Allowed Claim of such Holder.

After an objection to a Disputed Claim is withdrawn or determined by Final Order, the Distributions due on account of any resulting Allowed Claim shall be made by Sure-Tel or the Estate Representative as applicable. Such payment shall be made on the earlier of (1) thirty (30) days after the Effective Date (or as soon thereafter as practicable) or (2) thirty (30) days after the date the Disputed Claim becomes an Allowed Claim. No interest shall be due to the Holder of a Disputed Claim based on the delay attendant to determining the allowance of such Claim.

Any property which is unclaimed for ninety (90) days after Distribution thereof by mail to the mailing address of the party entitled thereto, pursuant to Article X, subpart C., shall revert in Sure-Tel, as available funds for its on-going operations, or in the Estate Representative, for distribution, as applicable. Furthermore, if any Distribution mailed to a Creditor pursuant to Article X, subpart C., is returned without a forwarding address, and the Creditor does not otherwise claim its Distribution within ninety (90) days after it is mailed to the Creditor, Sure-Tel or the Estate Representative, as applicable, shall strike the Creditor's Claim from the list of Creditors entitled to Distributions and make no further Distributions to such Creditor.

Distributions to Holders of General Unsecured Claims which are returned or

unclaimed shall become part of the Creditor Fund. All other returned or unclaimed Distributions to Creditors revert to Sure-Tel as available funds for its on-going operations.

G. Setoff.

Sure-Tel may, but shall not be required to, setoff against any Claim (1) the payments and/or Distribution of other property to be made under the Plan in respect of such Claim and (2) any Rights of Action which Sure-Tel may have against the Holder of a Claim, whether asserted or otherwise, but neither the failure to do so nor the allowance of any Claim under the Plan shall constitute a waiver by Sure-Tel of any such claim Sure-Tel may have against such Holder.

The Estate Representative may, but shall not be required to, setoff against any Claim (1) the payments and/or Distribution of other property to be made under the Plan in respect of such Claim and (2) any Avoidance Claims which the Estate Representative may have against the Holder of a Claim, whether asserted or otherwise, but neither the failure to do so nor the allowance of any Claim under the Plan shall constitute a waiver by the Estate Representative of any such claim the Estate Representative may have against such Holder.

H. Saturday, Sunday or Legal Holiday.

If any payment, Distribution, or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or Distribution or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

I. Revesting Of Assets.

Except as expressly provided in the Plan, upon the Effective Date, all Assets shall revest in Sure-Tel and thereafter Sure-Tel may use, acquire, transfer and dispose of its property,

including the Assets, free of any restrictions of the Bankruptcy Code and without further order of the Bankruptcy Court as Sure-Tel in its business judgment determines proper. As of the Effective Date, the Assets shall be free and clear of all Claims and Old Equity Interests, except as expressly provided in the Plan.

J. Corporate Action.

Upon the entry of the Confirmation Order, all corporate action provided under the Plan, including, without limitation, the issuance of the New Preferred Stock and the New Common Stock, shall be deemed to be authorized and approved without the necessity of any further action by Sure-Tel, its board of directors or its shareholders.

XI.

PROCEDURES FOR RESOLVING DISPUTED CLAIMS

All objections to Claims and Old Equity Interests shall be Filed and Served by the later of (i) thirty (30) days after the Effective Date or (ii) thirty (30) days after a Proof of Claim or request for payment with respect to such Claim or Old Equity Interest is Filed.

Except as set forth in the Plan, nothing in the Plan, the Disclosure Statement, the Confirmation Order or any order in aid of Confirmation, shall constitute, or be deemed to constitute, a waiver or release of any claim, cause of action, right of setoff, or other legal or equitable defense that Sure-Tel had immediately prior to the commencement of the Chapter 11 Case, against or with respect to any Claim or Old Equity Interest. Except as set forth in the Plan, upon Confirmation, Sure-Tel shall have, retain, reserve and be entitled to assert all such claims, causes of action, rights of setoff and other legal or equitable defenses that Sure-Tel had immediately prior to the commencement of the Chapter 11 Case as if the Chapter 11 Case had not been commenced.

XII.
RIGHTS OF ACTION

Except as provided in Article III.B.8 of the Plan, all Rights of Action and Avoidance Claims shall be retained and enforced by Sure-Tel and the Estate Representative pursuant to section 1123(b)(3) of the Bankruptcy Code.

Unless a Right of Action or Avoidance Claim against a Creditor or other Person is expressly waived, relinquished, released, compromised or settled in the Plan, or in a Final Order, all rights with respect to such Right of Action or Avoidance Claim are reserved to Sure-Tel or the Estate Representative, respectively.

Sure-Tel and the Estate Representative may pursue or decline to pursue the Rights of Action or the Avoidance Claims, respectively, in their sole discretion and business judgment. After the Effective Date, Sure-Tel and the Estate Representative may settle, release, sell, assign, otherwise transfer or compromise such Rights of Action or Avoidance Claims, in their sole discretion and business judgment without order of the Bankruptcy Court.

XIII.
CONDITIONS PRECEDENT TO CONFIRMATION
AND CONSUMMATION OF THE PLAN

A. Conditions Precedent to Effective Date.

It is a condition to the Effective Date (unless waived by Sure-Tel) that (i) (a) the Confirmation Order shall approve in all respects all of the provisions, terms and conditions of the Plan, (b) the Confirmation Order is satisfactory to Sure-Tel in form and substance, and (ii) Sure-Tel shall have deposited \$170,000.00 in a segregated deposit account for the benefit of Holders of General Unsecured Claims other than Sub-debt Claims.

B. Conditions Precedent to Consummation.

It is a condition of Consummation that (1) the Confirmation Order shall have been signed by the Bankruptcy Court and duly entered on the docket for the Chapter 11 Case by the Clerk of the Bankruptcy Court in form and substance acceptable to Sure-Tel; and (2) no stay of the Confirmation Order shall be in effect.

C. Waiver of Conditions.

Except for the conditions contained in Article XIII, subpart A.(ii), Sure-Tel may waive any other condition of Confirmation and/or Consummation of the Plan, in whole or in part, set forth in Article XII of the Plan at any time, without notice, without leave or order of the Bankruptcy Court, and without any formal action other than proceeding to obtain Confirmation and/or achieve Consummation of the Plan.

**XIV.
RETENTION OF JURISDICTION**

Notwithstanding entry of the Confirmation Order or the Effective Date having occurred, the Bankruptcy Court shall have jurisdiction of matters arising out of, and related to the Chapter 11 Case and the Plan under, and for the purposes of, sections 105(a), 1127, 1142 and 1144 of the Bankruptcy Code including, among other things, the following purposes:

1. To allow, disallow, determine, liquidate, classify, estimate or establish the priority or status of any Claim, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the allowance or priority of Claims;

2. To grant or deny any applications for allowance of compensation or reimbursement of expenses authorized pursuant to the Bankruptcy Code or the Plan, for periods

ending on or before the Effective Date;

3. To resolve any matters related to the assumption, assumption and assignment, or rejection of any executory contract or unexpired lease to which Sure-Tel is a party or with respect to which Sure-Tel may be liable and to hear, determine and, if necessary, liquidate, any Claims arising therefrom, including those matters related to the amendment after the Effective Date to the list of executory contracts and unexpired leases to be rejected;

4. To ensure that Distributions to Holders of Allowed Claims are accomplished pursuant to the provisions of the Plan, including ruling on any motion Filed pursuant to Article X;

5. To decide or resolve any motions, adversary proceedings, contested or any other litigated matters, and grant or deny any applications, involving Sure-Tel or its past or present directors, officers, employees, agents or professionals that may be pending on the Effective Date;

6. To enter such orders as may be necessary or appropriate to implement the provisions of the Plan;

7. To resolve any cases, controversies, suits or disputes that may arise in connection with the Consummation, interpretation or enforcement of the Plan or any Person's or Entity's obligations incurred in connection with the Plan, including, among other things, any avoidance actions or subordination actions under sections 510, 544, 545, 547, 548, 549, 550, 551, and 553 of the Bankruptcy Code;

ending on or before the Effective Date;

3. To resolve any matters related to the assumption, assumption and assignment, or rejection of any executory contract or unexpired lease to which Sure-Tel is a party or with respect to which Sure-Tel may be liable and to hear, determine and, if necessary, liquidate, any Claims arising therefrom, including those matters related to the amendment after the Effective Date to the list of executory contracts and unexpired leases to be rejected;

4. To ensure that Distributions to Holders of Allowed Claims are accomplished pursuant to the provisions of the Plan, including ruling on any motion Filed pursuant to Article X;

5. To decide or resolve any motions, adversary proceedings, contested or any other litigated matters, and grant or deny any applications, involving Sure-Tel or its past or present directors, officers, employees, agents or professionals that may be pending on the Effective Date;

6. To enter such orders as may be necessary or appropriate to implement the provisions of the Plan;

7. To resolve any cases, controversies, suits or disputes that may arise in connection with the Consummation, interpretation or enforcement of the Plan or any Person's or Entity's obligations incurred in connection with the Plan, including, among other things, any avoidance actions or subordination actions under sections 510, 544, 545, 547, 548, 549, 550, 551, and 553 of the Bankruptcy Code;

8. To issue injunctions, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any Person or Entity with Consummation or implementation of the Plan, except as otherwise provided herein;

9. To resolve any cases, controversies, suits or disputes with respect to or regarding administration of the Creditor Fund and the Estate Representative;
10. To resolve any cases, controversies, suits or disputes with respect to Plan's provisions and enter such orders as may be necessary or appropriate to implement such provisions;
11. To enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked or vacated;
12. To determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement or the Confirmation Order;
13. To enter an order and/or final decree concluding the Chapter 11 Case;
14. To consider any modification of the Plan under section 1127 of the Bankruptcy Code and/or modification of the Plan before "substantial consummation" as defined in section 1101 (2) of the Bankruptcy Code;
15. To protect the property of the Estate from adverse Claims or interference inconsistent with the Plan, including to hear actions to quiet or otherwise clear title to such property based upon the terms and provisions of the Plan, or to determine Sure-Tel's exclusive ownership of claims and causes of action retained under the Plan;
16. To hear and determine matters pertaining to abandonment of property of the Estate;
17. To cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;
18. To interpret and enforce any orders previously entered in the Chapter 11 Case to the extent such orders are not superseded or inconsistent with the Plan;

19. To recover all Assets of Sure-Tel and property of the Estate, wherever located;
20. To hear and determine matters concerning state, local, and federal taxes in accordance with sections 345, 505, and 1146 of the Bankruptcy Code.
21. To hear and act on any other matter not inconsistent with the Bankruptcy Code;
22. To consider and act on the compromise and settlement of any litigation, Claim against or cause of action on behalf of the Estate;
23. To interpret and enforce the injunctions contained in the Bankruptcy Code and the Confirmation Order; and
24. To determine any dispute as to the registration rights to which any party is entitled under the Plan.

XV.
MISCELLANEOUS PROVISIONS

A. Payment of Statutory Fees; Reports.

Through the Effective Date, Sure-Tel shall be responsible for the timely payment of disbursement fees incurred pursuant to 28 U.S.C. § 1930(a)(6). From and after the Effective Date, the Estate Representative shall (i) be responsible for the timely payment of disbursement fees incurred pursuant to 28 U.S.C. § 1930, and (ii) file with the Bankruptcy Court and serve on the United States Trustee a monthly financial report for each month (or portion thereof) the case remains open in a format prescribed by the United States Trustee.

B. Discharge of Sure-Tel

Except as otherwise provided herein: (a) the rights afforded in the Plan and the

treatment of all Claims and Old Equity Interests therein, shall be in exchange for and in complete satisfaction, discharge and release of Claims and Old Equity Interests of any nature whatsoever, including any interest accrued on such Claims from and after the Petition Date, against Sure-Tel, or its Assets or properties; (b) on the Effective Date, all such Claims against, and Old Equity Interests in, Sure-Tel shall be satisfied, discharged and released in full; and (c) all Persons and Entities shall be precluded from asserting against Sure-Tel, its successors or its Assets or properties any other or further Claims or Old Equity Interests based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Confirmation Date.

C. Modification of Plan.

Sure-Tel reserves to itself, in accordance with the Bankruptcy Code, the right to amend or modify the Plan prior to the entry of the Confirmation Order. However, in certain instances, the Bankruptcy Court may require a new disclosure statement and/or an order revoking the Plan. Prior to entry of the Confirmation Order, the Plan may only be modified with the consent of Sure-Tel. After the entry of the Confirmation Order, Sure-Tel may, upon order of the Bankruptcy Court, amend or modify the Plan, in accordance with section 1127(b) of the Bankruptcy Code, or remedy any defect or omission or reconcile any inconsistency in the Plan in such manner as may be necessary to carry out the purpose and intent of the Plan, if (1) the Plan has not been substantially consummated and (2) the Bankruptcy Court authorizes the proposed modifications after notice and a hearing.

D. Revocation of Plan.

Sure-Tel reserves the right to withdraw the Plan at any time before the entry of the Confirmation Order. If any of the following events occur: (1) Sure-Tel revokes or withdraws the Plan; (2) the Confirmation Order is not entered; (3) the Effective Date does not occur; (4)

Consummation of the Plan is not substantially achieved; or (5) the Confirmation Order is stayed prior to Consummation and such order is reversed or revoked, then, at the option of Sure-Tel, the Plan shall be deemed null and void. In any of those events, nothing contained in the Plan shall be deemed to constitute a waiver of any claim by Sure-Tel, or to prejudice in any manner the rights of Sure-Tel in any further proceedings involving Sure-Tel.

E. Successors and Assigns.

The rights, benefits and obligations of any Person or Entity named or referred to in the Plan shall be binding on, and shall inure to the benefit of any heir, executor, administrator, successor or assign of such Person or Entity.

F. Reservation of Rights.

Except as expressly set forth herein, the Plan shall have no force or effect unless the Bankruptcy Court enters the Confirmation Order. The Filing of the Plan, the statements or provisions contained therein, or the taking of any action by Sure-Tel with respect to the Plan shall not be, or shall not be deemed to be, an admission or waiver of any rights of Sure-Tel with respect to the Holders of Claims or Old Equity Interests prior to the Effective Date.

G. Post Confirmation Effectiveness of Proofs of Claims.

Proofs of Claim shall, upon the Effective Date, represent only the right to participate in the Distributions contemplated by the Plan and otherwise shall have no further force or effect.

H. Term of Injunctions or Stays.

Unless otherwise provided, all injunctions or stays provided for in the Chapter 11 Case under sections 105 and 362 of the Bankruptcy Code or otherwise in effect on the Confirmation Date shall remain in full force and effect until the Effective Date. From and after

the Effective Date, all Persons are permanently enjoined from and restrained against,

commencing or continuing in any court any suit, action or other proceeding, or otherwise asserting any Claim or Interest, seeking to hold (1) Sure-Tel or the property of Sure-Tel liable for any claim, obligation, right, interests, debt or liability that has been satisfied, discharged or released pursuant to the Plan.

I. Further Assurances.

Sure-Tel and all Holders of Claims receiving Distributions under the Plan and all other parties in interest shall, from time to time, prepare, execute and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

J. Entire Agreement.

The Plan supersedes all prior discussions, understandings, agreements, and documents pertaining or relating to any subject matter of the Plan.

K. Retiree Benefits.

Sure-Tel does not provide retiree benefits.

L. Failure of Bankruptcy Court to Exercise Jurisdiction.

If the Bankruptcy Court abstains from exercising or declines to exercise jurisdiction, or is otherwise without jurisdiction over any matter arising out of the Chapter 11 Case, including any of the matters set forth in the Plan, the Plan shall not prohibit or limit the exercise of jurisdiction by any other court of competent jurisdiction with respect to such matter.

M. Confirmation of the Plan Without Necessary Acceptances.

A BANKRUPTCY COURT MAY CONFIRM A PLAN, EVEN IF IT IS NOT ACCEPTED BY ALL IMPAIRED CLASSES, IF THE PLAN HAS BEEN ACCEPTED BY AT

LEAST ONE IMPAIRED CLASS OF CLAIMS AND THE PLAN MEETS THE
"CRAMDOWN" REQUIREMENTS SET FORTH IN SECTION 1129(b) OF THE
BANKRUPTCY CODE. SECTION 1129(b) OF THE BANKRUPTCY CODE REQUIRES
THAT THE BANKRUPTCY COURT FIND THAT A PLAN IS "FAIR AND EQUITABLE"
AND DOES NOT "DISCRIMINATE UNFAIRLY" WITH RESPECT TO EACH NON-
ACCEPTING IMPAIRED CLASS OF CLAIMS. IN THE EVENT THAT ANY IMPAIRED
CLASS REJECTS THE PLAN IN ACCORDANCE WITH SECTION 1129(a)(8) OF THE
BANKRUPTCY CODE, SURE-TEL INTENDS TO REQUEST THAT THE BANKRUPTCY
COURT CONFIRM THE PLAN IN ACCORDANCE WITH SECTION 1129(b) OF THE
BANKRUPTCY CODE OR MODIFY THE PLAN TO ACHIEVE CONFIRMATION IN
ACCORDANCE WITH THE TERMS THEREOF.

N. Headings.

The headings used in the Plan are for convenience only and neither constitute a
portion of the Plan nor in any manner shall affect the provisions or interpretation(s) of the Plan.

O. Notices.

Any pleading, notice or other document required by the Plan to be served on or
delivered to Sure-Tel shall be sent by first class U.S. mail, postage prepaid to:

Sure-Tel, Inc.
Attn: Mr. David Miller, President
5 N. McCormick
Oklahoma City, Oklahoma 73127

With copies to:

G. Blaine Schwabe, III, Esq.
~~Mock, Schwabe, Waido, Elder,~~
Reeves & Bryant
Fourteenth Floor
Two Leadership Square
211 N. Robinson
Oklahoma City, Oklahoma 73102

P. Filing of Additional Documents.

On or before the Effective Date, Sure-Tel may File such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

Q. Severability.

The provisions of the Plan shall not be severable unless such severance is agreed to by Sure-Tel, and such severance would constitute a permissible modification of the Plan pursuant to section 1127 of the Bankruptcy Code.

Dated this ____ day of February, 2002.

SURE-TEL, INC.

By: 

David Miller, President

Counsel:



G. Blaine Schwabe, III -- OBA #8001
Sarah A. Hall -- OBA #13692

Of the Firm:

**MOCK, SCHWABE, WALDO, ELDER,
REEVES & BRYANT**

A Professional Limited Liability Company

Fourteenth Floor

Two Leadership Square

211 N. Robinson

Oklahoma City, Oklahoma 73102

Telephone: (405) 235-1110

Telefacsimile: (405) 235-0333

ATTORNEY FOR SURE-TEL

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